

BARNES & NOBLE, INC. AND SUBSIDIARIES
Consolidated Statements of Operations
(In thousands, except per share data)

	13 weeks ended		26 weeks ended	
	August 4, 2007	July 29, 2006	August 4, 2007	July 29, 2006
Sales	\$ 1,244,218	1,156,159	2,389,613	2,270,894
Cost of sales and occupancy	882,481	806,637	1,693,845	1,582,622
Gross profit	<u>361,737</u>	<u>349,522</u>	<u>695,768</u>	<u>688,272</u>
Selling and administrative expenses	304,009	278,679	599,217	559,821
Depreciation and amortization	41,430	41,217	86,938	81,772
Pre-opening expenses	2,602	2,705	3,636	5,985
Operating profit	<u>13,696</u>	<u>26,921</u>	<u>5,977</u>	<u>40,694</u>
Interest income (expense), net	1,557	(724)	4,695	786
Income before taxes and minority interest	<u>15,253</u>	<u>26,197</u>	<u>10,672</u>	<u>41,480</u>
Income taxes	(1,899)	10,675	(3,731)	16,903
Income before minority interest	<u>17,152</u>	<u>15,522</u>	<u>14,403</u>	<u>24,577</u>
Minority interest	900	1,054	1,978	1,990
Net income	<u>\$ 18,052</u>	<u>16,576</u>	<u>16,381</u>	<u>26,567</u>
Income per common share:				
Basic	\$ 0.28	0.25	0.25	0.41
Diluted	\$ 0.26	0.24	0.24	0.38
Weighted average common shares outstanding				
Basic	65,372	65,070	65,291	65,408
Diluted	68,797	68,895	68,990	69,499
Percentage of sales:				
Sales	100.0%	100.0%	100.0%	100.0%
Cost of sales and occupancy	<u>70.9%</u>	<u>69.8%</u>	<u>70.9%</u>	<u>69.7%</u>
Gross profit	<u>29.1%</u>	<u>30.2%</u>	<u>29.1%</u>	<u>30.3%</u>
Selling and administrative expenses	24.4%	24.1%	25.1%	24.7%
Depreciation and amortization	3.3%	3.6%	3.6%	3.6%
Pre-opening expenses	<u>0.2%</u>	<u>0.2%</u>	<u>0.2%</u>	<u>0.3%</u>
Operating profit	<u>1.1%</u>	<u>2.3%</u>	<u>0.3%</u>	<u>1.8%</u>
Interest income (expense), net	<u>0.1%</u>	<u>-0.1%</u>	<u>0.2%</u>	<u>0.0%</u>
Income before taxes and minority interest	<u>1.2%</u>	<u>2.3%</u>	<u>0.4%</u>	<u>1.8%</u>
Income taxes	<u>-0.2%</u>	<u>0.9%</u>	<u>-0.2%</u>	<u>0.7%</u>
Income before minority interest	<u>1.4%</u>	<u>1.3%</u>	<u>0.6%</u>	<u>1.1%</u>
Minority interest	<u>0.1%</u>	<u>0.1%</u>	<u>0.1%</u>	<u>0.1%</u>
Net income	<u>1.5%</u>	<u>1.4%</u>	<u>0.7%</u>	<u>1.2%</u>